

HAVE YOU FILED THE 1996

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District of Columbia Government
Department of Finance and Revenue

1996

UNINCORPORATED BUSINESS
UNINCORPORATED BUSINESS FRANCHISE TAX BOOKLET

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Peel off the label and place it on
the address area of the return,
Form D-30. If information on the
label is incorrect, make the
necessary changes. ▼

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UNINCORPORATED BUSINESS FRANCHISE TAX RETURN

IMPORTANT

- The unincorporated business franchise tax rate is 9.975%.
- The due dates for filing are April 15 for calendar year filers, and the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year for fiscal year filers. If the due date falls on a Saturday, Sunday or legal national holiday, the return is due the next business day.
- The D.C. business tax number should be entered in the space provided at the top of page 1 of your 1996 return.
- An unincorporated business is allowed a deduction for Subpart F income (as defined in Section 952 of the Internal Revenue Code of 1986) for taxable years after 12/31/94.
- An unincorporated business that expects its 1997 D.C. unincorporated business franchise tax liability to exceed \$1,000 must file a 1997 declaration of estimated franchise tax. A penalty will be imposed if your estimated tax is not at least 90% of your actual tax liability.
- An unincorporated trade or business with gross receipts of \$12,000 or less must file a Form D-30 for information purposes in order to avoid inquiries regarding potential liability. You need only state across the front of Form D-30 that your gross income was less than \$12,000. Attach the label, if available, and be sure to enter your D.C. business tax number.
- There is a penalty for the late filing of a return, and a penalty for late payment of tax. See General Instructions G.
- All items in Form D-30 must be completed. Do not use phrasing such as see attached schedule. The return will be sent back to you if incomplete.

GENERAL INSTRUCTIONS

A. UNINCORPORATED BUSINESSES REQUIRED TO FILE A FRANCHISE TAX RETURN

An unincorporated trade or business engaging in or carrying on any trade, business or commercial activity within the District of Columbia, or receiving income from District sources, must file an unincorporated business franchise tax return, Form D-30, if its gross income for the taxable year was in excess of \$12,000 and it is not exempt under General Instructions B.

Any unincorporated business having gross income of more than \$12,000 from the leasing of real or personal property in the District, whether or not the property is leased directly by the unincorporated business or through an agent, and whether or not such unincorporated business or agent performs any services in connection with the property, is required to file an unincorporated business franchise tax return.

The meaning of the words "gross income" for purposes of filing a return shall be revenues from all District sources before deduction of costs of goods, expenses and other deductions allowable in determining net income.

For franchise tax purposes, an unincorporated trade or business is treated as an entity, comparable to a corporation, whether it is conducted by one or more individuals, residents or nonresidents, a trust, estate, partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, concurrent owners of property, or by any other individual or group of individuals doing business as an entity.

A limited liability company is classified as a partnership unless classified otherwise for federal income tax purposes, in which case the limited liability company is classified in the same manner as it is classified for federal income tax purposes.

Whether an unincorporated business is carrying on or engaging in a trade or business within the District is determined by the nature and extent of the activities conducted by the owners or members thereof or through employees, agents or other representatives. However, the words "trade or business" do not include sales of tangible personal property by an unincorporated business if the unincorporated business does not have or maintain an office, warehouse or other place of business in the District,

or does not have goods in the District in a warehouse or on consignment (or similar agreement); and does not have an agent or other representative with an office or other place of business in the District. However, the words "agent or representative" do not include an independent broker engaged in regularly soliciting orders in the District for the sellers and who holds himself out as such.

Notwithstanding the foregoing exclusion from the words "trade or business," an unincorporated business is required to file a return, whether or not it has an office or other place of business in the District, if it derives income from work done or services performed within the District, or from any type of business activity in the District, other than sales of tangible personal property, or receives income from District sources (as hereinafter explained in the Specific Instructions).

In this regard, income from sales of tangible personal property to the United States Government is considered to be income from a District source unless:

- (1) the principal place of business of the unincorporated business is located outside the District;
- (2) the property is delivered from places outside the District; and
- (3) the property is for use outside the District.

Unincorporated associations which have been granted an exemption from D.C. franchise taxes are subject to tax on unrelated business income if such income is taxable under section 511 of the Internal Revenue Code.

B. UNINCORPORATED BUSINESSES NOT REQUIRED TO FILE AN UNINCORPORATED BUSINESS FRANCHISE TAX RETURN

The following unincorporated businesses are not required to file an unincorporated business franchise tax return:

1. Organizations, such as a charitable organization, granted exemption under Title II of the Income and Franchise Tax Act of 1947, as amended, unless such organizations are subject to tax on unrelated business income.
2. A trade, business or professional organization having a gross income of \$12,000 or less for the taxable year. But if such business is a partnership it must file a D-65.
3. A trade, business or professional organization which by law, customs or ethics cannot be incorporated. To be exempted because customs or ethics prohibit incorporation, it must be established that the prohibition has acquired the force of law.
4. A trade or business engaged in by a blind person licensed by D.C. for the operation of stands in federal buildings pursuant to D.C. Code § 47-1808.1(4).
5. A professional corporation incorporated under the D.C. Professional Corporation Act that for the years beginning after 12/31/84 must file a D.C. Corporation return.
6. A trade, business or professional organization in which: (a) more than 80% of its gross income is derived from personal services actually rendered by the individual or members of the entity, and (b) capital is not a material income-producing factor. The requirements of both (a) and (b) must be met for purposes of this exemption. If capital is a material income producing factor, the exemption is not allowable.

In determining whether the organization meets the 80% requirement, the activities of employees and agents of the organization are presumed to have produced gross income for the business in an amount at least equal to the gross amount paid to such employees and agents. Accordingly, if the amounts paid to such persons exceeded 20% of the organization's gross income, it would not be considered to be exempt.

If an individual or group of individuals is engaged during the taxable year in two or more separate and distinct businesses, each business shall be considered separately for purposes of determining exempt status.

C. MULTIPLE BUSINESSES MUST FILE ONE RETURN

If an individual, or group of individuals, carries on two or more distinct businesses, none of which is exempt, the income and deductions of all such businesses must be included in a single return. However, separate computations may be submitted with the return to show the net income or loss of each business.

D. RATE AND MEASURE OF THE TAX

The amount of the unincorporated business franchise tax is determined by applying the effective rate to the total taxable income. Total taxable income is the sum of (a) the portion of the total net income from trade or business that is fairly attributable to business done in the District and (b) other net income from District sources. The minimum tax payable shall be \$100.00. How to determine total taxable income is explained in the Specific Instructions.

E. WHEN AND WHERE TO FILE THE RETURN AND PAY THE TAX

The unincorporated business franchise tax return together with full payment for taxes due must be submitted on or before the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year.

The return and payment should be mailed to the Department of Finance and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C. 20044-0610. Make checks or money orders payable to the *D.C. Treasurer*. Write your D.C. business tax number, D-30, and tax year on the payment.

F. EXTENSION OF TIME TO FILE

An extension of time to file a return may be requested by filing District Form FR-128 on or before the due date of the return. Copies of a federal request for extension of time to file are no longer acceptable.

G. PENALTIES AND INTEREST

The civil penalty for failure to file a return on time or failure to pay any tax due is 5% of the unpaid portion of tax due for each month, or fraction thereof, that such failure to file or pay continues, but not more than 25% of the tax due.

In the case of a substantial understatement of tax, there shall be added to the tax an amount equal to 20% of the amount of any underpayment attributable to the understatement. There is a substantial understatement of tax if the amount of the understatement exceeds the greater of (a) 10% of the tax required to be shown on the return or (b) \$2,000. Understatement means the excess of the amount of tax to be shown on a return, or determined through an audit or review, over the amount of tax imposed that is shown on any original or amended return, less any overpayment, credit or refund.

Tax Preparer Penalty provisions enacted in Public Law 10-115 (D.C. Code, § 47-162) provide for a tax return preparer penalty when liability is understated. Penalties are assessed whenever a tax preparer prepares a return or claim for refund based on an unrealistic position; where the applicable law or regulation should have been known by the preparer; or where relevant facts for the position are not adequately disclosed. Penalties range from \$50 to \$10,000.

Interest at the rate of 1.5% per month, or portion of a month, must be paid on any tax which remains unpaid after the due date of the return. Interest is computed from the due date of the return to the date of payment and applies even though an extension of time to file the return may have been granted.

Fee for Dishonored Checks.—A fee of \$50.00 will be imposed if a check in payment of any obligation due the District of Columbia is not honored by your bank.

H. SIGNATURE AND VERIFICATION

The return must be signed by an owner or member, or by any other officer of the unincorporated business who is authorized to sign. A receiver, trustee, or assignee must sign any return which he is required to file on behalf of an unincorporated business. The return must also be signed by any person, firm or corporation who prepared the return for compensation. If the return is prepared by a firm or corporation, it should be signed in the name of the firm or corporation. This verification is not required if the return is prepared by a regular, full-time employee of the taxpayer.

SPECIFIC INSTRUCTIONS

Every unincorporated business required to file a return shall complete all schedules and shall furnish the information required to be reported on the

unincorporated business franchise tax return, Form D-30, in accordance with these Specific Instructions.

Allocation and Apportionment Required. Any unincorporated business carrying on its trade or business inside and outside the District must subject all its business income to apportionment and allocate within and without the District items of income which are clearly determined to be non-business income as provided in the Specific Instructions.

DEFINITIONS

(As used in these instructions, unless otherwise stated)

1. "Business income" means income arising from transactions and activities in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Income of any type, such as manufacturing income, compensation from services, sales income, interest, dividends, rents, royalties, gains, operating income and non-operating or from any class and from any source is business income if it arises from transactions and activities occurring in the regular course of a trade or business. The critical element in determining whether income is business or non-business shall be the identification of the underlying transactions and activities that are elements of a particular trade or business. In general, all transactions and activities of the taxpayer that are dependent upon or contribute to the operations of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business and will be transactions and activities arising in the regular course of and will constitute integral parts of the trade or business.
2. "Commercial domicile" means the principal place from where the trade or business of the taxpayer is directed or managed.
3. "Compensation" means wages, salaries, commissions and any other form of remuneration paid or accrued to employees for personal services.
4. "Non-business income" means all income other than business income.
5. "Transportation company" means any person engaged in the transportation of persons or goods or property of others for hire.
6. "Sales" means all gross receipts of the taxpayer (including any dividends, interest and royalties considered to be business income) not required to be allocated.
7. For purposes of allocation and apportionment of income, "taxable in another state" means when a taxpayer is subject to a net income tax, a franchise tax measured by net income, or a franchise tax for the privilege of doing business in such other state.

INCOME

(Numbers correspond to the line numbers on page 1, Form D-30)

1. **GROSS RECEIPTS:** Enter total gross receipts from sales and operations, less returns and allowances.
2. **COST OF GOODS SOLD:** Enter the figure shown on Line 8 of Schedule A on page 2. If the production, manufacture, purchase, or sale of merchandise is an income-determining factor in the trade or business, inventories of merchandise on hand should be taken at the beginning and end of the taxable year, and may be valued at cost, or at cost or market, whichever is lower; or by the method used by the unincorporated business, with the consent of the Commissioner of Internal Revenue (for federal income tax purposes). An inventory method once adopted is controlling until permission to change has been obtained from the Department of Finance and Revenue (Department). If the inventories do not agree with the balance sheet figures, attach a statement explaining the difference.
- COST OF OPERATIONS** (where inventories are not an income-determining factor). If the amount entered on Line 2 includes an amount applicable to cost of operations, attach a schedule showing: (1) salaries and wages; and (2) other costs in detail.
4. **DIVIDENDS:** Enter the total amount of dividends received per schedule to be attached to the return. An unincorporated business is allowed a deduction for Subpart F income (as defined in Section 952 of the Internal Revenue Code of 1986) for taxable years after 12/31/94.
5. **INTEREST:** Enter per the schedule to be attached to the return, all interest received by or credited to the unincorporated business during the taxable year except interest upon obligations of the United States, its agencies or instrumentalities, or the District of Columbia.
6. **GROSS RENTAL INCOME:** Enter the gross amount received from the rental of real or personal property as per Schedule F, Column 3. Rental income which is related to a trade or business shall not be entered on Line 24(a).
Rental income is subject to the unincorporated business franchise tax if gross rental income exceeds \$12,000 during the year.

7. **ROYALTIES:** Report income from royalties and related expenses in the same manner as rental income and rental expenses. Royalties derived from patents developed by the taxpayer are considered "business income."
8. (a) **NET CAPITAL GAINS:** In general, any recovery of depreciation arising from a sale of an asset that may or may not cause the termination of the unincorporated business is reportable. If the sale of an asset causes termination of the unincorporated business, depreciation recapture is reported on the unincorporated business return, and any gain in excess of the recaptured amounts is reported on the returns of the owners or members; otherwise, capital gains or losses are treated in the same manner as they are for federal corporation income tax purposes. Detailed instructions are contained in the instructions for Schedule D (Form 1120), federal corporation income tax return. Section 1231 gains are considered "business income."
- (b) **ORDINARY GAIN (OR LOSS):** Enter the total ordinary gain or loss from federal Form 4797. Attach copy of Form 4797.
9. **OTHER INCOME:** Enter the total amount of income not reported elsewhere in the return and attach a schedule showing the details.

DEDUCTIONS

Deductions are allowable only if they are ordinary and necessary and directly related to business income as it is defined in these instructions. Deductions must not be taken in this return for interest, taxes, contributions and other itemized deductions normally deductible on returns individually filed by owners or members.

In connection with each of the following items of deduction, enter the total of those deductions allowed under District law.

Enter on Line 24(b) the portion of deductions related to the income allocated within or without the District of Columbia. Expenses connected with the production of U.S. Treasury security income are includible in Line 24(b) after 9/30/84.

The law does not permit the deduction of a net operating loss carry-forward and carryback.

11. **SALARIES AND WAGES:** Enter the amount of salaries and wages not deducted elsewhere in the return. Do not include compensation of the owners or members of the unincorporated business. Include in Line 24(b) any salaries, wages and other compensation connected with the production of income not subject to this unincorporated business franchise tax, according to a ratio reflecting the percentage dedicated to taxable and nontaxable activities. Attach a schedule showing this computation. Certified employees wages used to compute the credit on Schedule E of the unincorporated business return are not allowed as salary deductions.
12. **REPAIRS:** Enter the cost of incidental repairs, including labor, supplies and other items that do not add to the value or appreciably prolong the life of the property. Expenditures for new buildings, machinery, equipment, or for permanent improvements or betterments that increase the value or appreciably prolong the life of the property are chargeable to capital account.
13. **BAD DEBTS:** Bad debts are to be treated in the same manner as for federal tax purposes and allowed to the same extent allowed under the Internal Revenue Code. A copy of the schedule submitted with your federal return must be attached to your D-30.
14. **RENTAL EXPENSES RELATED TO RENTAL INCOME:** From Line 8, Column 6, Schedule F, enter the total amount of expenses related to the rental income reported on Line 6 of page 1. Do not deduct elsewhere in this return expenses relating to rental income.
15. **RENT:** Enter the amount of rent paid or accrued for business property in which the unincorporated business has no equity.
16. **TAXES:** Enter taxes imposed upon the taxpayer as reported in Schedule D. The following taxes are not allowable deductions and are not to be included in Schedule D of the return:
- All income and excess profits taxes.
 - Franchise taxes imposed by this unincorporated business franchise tax law.
 - Taxes assessed against local benefits of a kind tending to increase the value of the property assessed.
17. **INTEREST:** Enter interest paid or accrued on business indebtedness as reflected in Schedule G.

If the unincorporated business has investments in securities or other property the income from which is not subject to this unincorporated business franchise tax, the amount of interest expense subject to apportionment

shall be that proportion of the total interest paid or accrued which the average value of all assets, other than said securities or other investments, bears to the average value of the total assets of the unincorporated business, and the remainder shall be included on Line 24(b). For this purpose, average values should be obtained by adding the beginning and ending values of assets shown in the balance sheet for the tax period and dividing by two, or they may be computed by using the daily balance method or any other method which is of supportable validity. Attach a schedule showing this computation.

18. **CONTRIBUTIONS:** From Schedule B, page 2, enter the amount of contributions or gifts actually paid during the taxable year by the unincorporated business to or for the use of any religious, charitable, scientific, literary, military, or educational institution, and no part of the net income of which inures to the benefit of any private shareholder or individual. The deduction for contributions may not exceed 15% of net income before making any deductions for contributions.
19. **AMORTIZATION:** Furnish a copy of the federal schedule detailing the amortization deduction.
20. **DEPRECIATION:** Enter the amount of depreciation reported on federal Form 4562. Do not include amounts already deducted on Line 14, page 1, or elsewhere on the return. The allowance does not apply to inventories, stock-in-trade or land.
- To compute depreciation you must use the same method you used on the federal corporation tax return or the U.S. Partnership Return of Income if such method is approved by the Internal Revenue Service. However, District law contains no provision similar to the investment tax credit provided in the federal law.
- The basis to be used in computing depreciation shall be the same basis used for federal income tax purposes.
21. **OTHER DEDUCTIONS:** From Schedule J, page 4, enter the total amount of other allowable deductions. Include on Line 24(b) any such deductions applicable to the production of income not subject to this franchise tax after 9/30/84.

Net Operating Loss: No provision is made for NOL's on unincorporated business returns as losses generated pass through to the individual owners or members of the unincorporated business.

ALLOCATION OF NON-BUSINESS INCOME

- Allocate, as provided in paragraphs 2 through 8 below, rents and royalties from real or tangible personal property; gains and profits from the sale of property; interest; dividends; rents and royalties from patents; copyrights; trademarks; service marks; secret processes and formulas; goodwill; franchises and other like property; certain sales of tangible personal property to the United States Government and any other income from sources within the District, to the extent that it constitutes non-business income.
- (a) Net rents and royalties from real property located in the District are allocable to the District.
- (b) Net rents and royalties from tangible personal property are allocable to the District: (1) to the extent that the property is utilized or located in the District, or (2) in their entirety if the taxpayer's commercial domicile is in the District and the taxpayer is not taxable in the state in which the property is utilized.

The extent of utilization of tangible personal property in the District is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the District during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

- (a) Gains and losses from sales or other dispositions of real property (other than realty used in the trade or business whether held for sale or otherwise), located in the District, are allocable to the District.
- (b) Gains and losses from sales or other dispositions of tangible personal property (other than tangible personal property of any kind used in the trade or business whether held for sale or otherwise), are allocable to the District if: (1) the property had a situs in the District at the time of the sale, or (2) the taxpayer's commercial domicile is in the District and the taxpayer is not taxable in the state in which the property had a situs.

- (c) Gains and losses from sales or other dispositions of intangible personal property (other than intangible personal property of any kind used in the trade or business whether held for sale or otherwise), are allocable to the District if the taxpayer's commercial domicile is in the District.
4. Interest and dividends of a non-business nature, derived from sources within the District are allocable to the District unless specifically excluded from taxation or subject to apportionment as business income.
 5. Rents and royalties from patents, copyrights, trademarks, service marks, secret processes and formulas, goodwill, franchises and other like property are allocable only in the event they are determined not to have arisen from a trade or business activity, or being used in the trade or business; then such royalties shall be allocated according to where the patent is situated or used, or the copyrighted material published or used.
 6. Income from sales of tangible personal property to the United States Government by an unincorporated business which has its principal place of business outside the District is income from District sources if the property is delivered from places outside the District for use in the District.
 7. All other non-business income which is derived from sources within the District shall be allocable to the District.
 8. Where income is allocable within and without the District, all expenses, losses and other deductions arising from the production of such income shall be similarly allocable. Losses incurred in any transaction entered into for the production of non-business income shall be allowed only to the extent that any profits from such transaction would be taxable under the law.

SCHEDULES

SCHEDULE E—ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT

The Economic Development Zone Incentives (EDZI) Amendment Act of 1988 allows a qualified business a credit against its unincorporated business franchise tax liability. A qualified business is an unincorporated business approved as qualified under section 5 of the EDZI Act. You MUST complete the Schedule E and include any necessary attachments with your return. The following credits are allowed under the EDZI Act:

1. A qualified business is allowed a credit against the unincorporated business franchise tax in an amount equal to 50% of the wages of all certified employees who meet the requirements of section 10(b) of the EDZI Act.
2. A qualified business is allowed a credit against the unincorporated business franchise tax in an amount equal to 50% of the insurance premiums attributable to all employees for which it obtains employer liability insurance under the District of Columbia Worker's Compensation Act of 1979.
3. A qualified business lessor is allowed a rent credit against the unincorporated business franchise tax. The credit allowed is the difference between the rental market value of the space actually leased to a licensed nonprofit child care center and the actual rent indicated on the lease agreement as indicated in the Council resolution approving the qualification of the business. A nonprofit child care center is a child development center defined in section 10 of the EDZI Act.

If you are claiming the EDZI credit against your unincorporated business franchise tax liability, you MUST attach to your return:

1. A copy of the Council Resolution approving the qualification for one or more of the credits claimed;
2. Certification of eligible employees, issued by the Department of Employment Services;
3. A completed Economic Development Zones Incentive Credit Schedule. A credit carry forward is provided in the Schedule for unused credit from previous years.

SCHEDULE I—D.C. Apportionment Factor: An unincorporated business that carried on or engaged in a trade or business within and without the District must use the three factor formula to apportion business income to the District. An unincorporated business domiciled in the District and not subject to tax anywhere else shall apportion 100% of its net business income to the District, as well as, allocate 100% of its non-business income to the District.

An unincorporated business engaging in a trade or business both within and without the District shall apportion all trade or business income to the District by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three reduced by the number of factors, if any, having no denominator.

1. PROPERTY FACTOR. (a) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned by or rented to the taxpayer and used by the taxpayer in the District during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned by or rented to the taxpayer and used by the taxpayer during the taxable year, except that neither the numerator nor the denominator of the property factor shall include property, or any portion thereof, which is not used to produce business income.

(b) In the case of transportation companies, the numerator of the property factor, in addition to other property described in 1(a) above, shall include such portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment used by the taxpayer during the taxable period to transport persons and property within and without the District as the total miles per unit of equipment traveled in the District by each class of such property bear to the total miles per unit of equipment traveled everywhere by each respective class of such property.

(c) Where property is used in any activities the income from which is allocable or apportionable partly under D.C. regulations, the taxpayer may employ, subject to the approval of the Department or the Department may require the use of any method which will reflect properly the portion of the average value thereof to be used in arriving at the property factor.

(d) Property owned by the taxpayer is valued at its original cost to the taxpayer plus the cost of additions and improvements. If the original cost of any property to the taxpayer is not determinable or is zero, such property shall be valued by the Department at an amount equal to its market value at the time of acquisition by the taxpayer. Property rented to the taxpayer is valued at eight times the net annual rental rate which is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals, provided that such rental and subrental rates are reasonable. The term "net annual rental rate" includes amounts paid or accrued for the use or rental of the property or facilities of another whether paid as rent, reasonable compensation for use or by any other designation, and whether paid pursuant to statutory enactment, lease or rental agreement of any kind, contract or otherwise; however, payments for leased property which are capitalized for federal tax purposes, are not considered rent and will only be included in this factor to the extent of its capitalized value for federal tax purposes. If the Department determines that any net annual rental rate or subrental rate is unreasonable, or if a nominal or zero rate is charged, it may determine and apply such rental rate as will reasonably reflect the value of the property rented by the taxpayer.

(e) The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the taxpayer may use, subject to the Department's approval, or the Department may require the averaging of monthly or quarterly values during the tax period if reasonably necessary to reflect properly the average of the taxpayer's property.

2. PAYROLL FACTOR. (a) The payroll factor is a fraction, the numerator of which is the total compensation paid or accrued by the taxpayer in the District during the taxable year, and the denominator of which is the total compensation paid or accrued by the taxpayer everywhere during the taxable year, except that neither the numerator nor the denominator of the payroll factor shall include compensation paid or accrued to employees for personal services rendered in the production of non-business income. Compensation paid or accrued other than in cash shall be valued at its fair market value as of the date of payment or accrual. Payments to independent contractors are not considered in the computation of a payroll factor.

(b) In the case of transportation companies, the numerator of the payroll factor, in addition to other compensation described in paragraph 2(a) above, shall include such portion of the total compensation paid or accrued to employees who are employed on vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment used by the taxpayer during the taxable period to transport persons and property within and without the District, determined by applying to such total compensation the percentage computed under paragraph 1(b) above relating to the portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment of transportation companies to be included in the numerator of the payroll factor.

(c) Where compensation is paid or accrued for services, the income from which is allocable or apportionable partly under D.C. regulations, the taxpayer may employ, subject to the approval of the Department, or the Department may require the employment of any method which will reflect properly the portion thereof to be used in arriving at the payroll factor.

(d) Compensation is paid or accrued in the District if—

(1) the individual's service is performed entirely within the District; or
 (2) the individual's service is performed both within and without the District, but the service performed without the District is incidental to the individual's service within the District; or

(3) some of the individual's service is performed in the District and (i) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the District, or (ii) the base of operations or the place from which the service is directed or controlled is not in the District or in any state in which some part of the service is performed, but the individual's residence is in the District.

3. SALES FACTOR. (a) The sales factor, except for transportation companies, is a fraction, the numerator of which is the total sales of the taxpayer in the District during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year.

(b) The sales factor, in the case of transportation companies, is a fraction, the numerator of which is the total revenue units first received by the company as originating or connecting traffic at a point within the District plus the total revenue units discharged or unloaded by the company at a point within the District at the termination of the transportation movement or for transfer to a connecting carrier, and the denominator of which is twice the total revenue units originated everywhere during the taxable year. One ton of freight shall constitute one revenue unit; ten passengers shall constitute one revenue unit. If the company's revenue is predominantly from the transportation of passengers, the number of passengers loaded and discharged may be used in lieu of originating and terminating tonnage.

(c) Sales of tangible personal property, including sales to the United States Government, are in the District, regardless of the point of passage of title, f.o.b. point, or other conditions of such sales, if—

(1) the property is delivered or shipped to a purchaser within the District, or

(2) the ultimate destination of such property, after all transportation including transportation by the purchaser has been completed, is a point within the District, or

(3) the property is delivered or shipped from an office, store, warehouse, factory, or other place of storage in the District to a destination outside the District and the taxpayer is not taxable in the state to which the property is delivered or shipped.

(d) Except for transportation companies, sales, other than sales of tangible personal property, are in the District if—

(1) the income-producing activity or service is performed in the District; or

(2) the income-producing activity or service is performed both in and outside the District and a greater proportion of the income-producing activity or service is performed in the District than in any other state, based on costs of performance.

4. GENERAL. If the allocation and apportionment instructions do not fairly represent the extent of the taxpayer's trade or business in the District or income from non-business sources within the District, the taxpayer may petition for or the Department of Finance and Revenue may require, in respect to all or any part of the taxpayer's trade or business or non-business income, if reasonable—

(a) separate accounting, unless the entity is conducting a unitary business;

(b) the exclusion of any one or more of the factors;

(c) the inclusion of one or more additional factors which will fairly represent the extent of the taxpayer's trade or business in the District; or

(d) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

SCHEDULE K—Nontaxable Income: Report all income of the unincorporated business deemed not to be subject to the unincorporated business franchise tax and furnish reasons for believing the income to be exempt.

SCHEDULE L—Balance Sheets: Submit balance sheets as of the beginning and end of the taxable year. They should conform with the unincorporated business's books and records, and should agree with the same schedule on the federal income tax return, if required. Any variations must be explained in a statement attached to the return.

SCHEDULE M—Distribution and Reconciliation of Net Income or loss: Furnish all information as required in this schedule and use the information as indicated in the schedule.

Under the provisions of D.C. Code §47-1805.1(a), you must enter the social security number of each of the owners in the space provided. The social security number is necessary for the proper identification of the owner's account with the District and will be used only for tax administration purposes.

Supplemental Information (page 3 of return): Submit answers to all questions contained in this schedule. The law requires the reporting of federal adjustments within 90 days of final determination. Federal adjustment information will be considered properly submitted if it is submitted by the taxpayer, or his or her representative, and mailed to the Department of Finance and Revenue, Audit Division, P.O. Box 556, Washington, D.C. 20016.

UNINCORPORATED BUSINESS FRANCHISE TAX COMPUTATIONS

23. NET INCOME: Enter on Line 23 the net income, which is the difference between Line 10 and Line 22. If the total business net income is from trade or business carried on entirely within the District, the figure shown on Line 23 should be inserted on Line 29. In such event, Lines 24 thru 28 need not be completed.

24. Report on Lines 24(a) and 24(b) nonbusiness income and related expenses. Report the difference on Line 24(c) and submit a detailed schedule and explanation regarding this allocated income and expense.

25. NET INCOME FROM TRADE OR BUSINESS SUBJECT TO APPORTIONMENT: Enter on Line 25 the net income from trade or business which is subject to apportionment. This figure is determined by subtracting Line 24(c) from Line 23.

26. Enter on Line 26 the apportionment factor computed on Line 5 of Schedule I. Apply this factor to the figure shown on Line 25 and show the result on Line 27.

28. Enter on Line 28 the portion of nonbusiness income and related expenses shown on Line 24(a) and 24(b) attributable to the District.

30. SALARY FOR TAXPAYER(S) SERVICES: You may deduct a reasonable allowance for salaries or other compensation for personal services actually rendered by the owner or owners of the business. The amount paid or accrued to an owner as a drawing account is not the measure of the deduction. The amount to be allowed as a deduction for salaries or other compensation of the owner(s) of the business shall not, in the aggregate, exceed 30% of the net income of the unincorporated business computed without the benefit of this deduction. In determining a reasonable salary allowance, fees paid to independent management or collection entities for management services performed on behalf of the unincorporated business shall be considered as a reduction of the amount claimed as a salary allowance, computed without the benefit of such management fee deduction. The amount claimed on Line 30, of the return, shall not exceed 30% of Line 29, of the return. Show the salary distribution in Schedule M, Column 4, page 4, of the return.

31. EXEMPTION: An exemption of \$5,000 is allowed where the period covered by the return is a full twelve months. If the business was not operating for a full year and the figures reported in the return are for a period of less than a full year, the exemption must be prorated on a daily basis. In such event, the calculation of the exemption shall be furnished in a separate statement to be attached to the return and must reflect the date of the commencement of the business if the business commenced after the beginning of the taxable period and the date of termination of the business if the business ceased before the close of the taxable period. The portion of this exemption used to offset the net income shown on Line 29 of page 1 of the return should be divided among the owners of the business according to their respective interests and listed in Column 5 of Schedule M, page 4, of the return. The total of Column 5 shall be inserted on Line 31, page 1.

32. TOTAL TAXABLE INCOME: Enter on Line 32 the difference between the figures on Line 29 and the sum of the figures on Lines 30 and 31.

33-40. Complete these lines in accordance with instructions contained in the return form.

D-30 1996

Unincorporated Business Franchise Tax Return

★ ★ ★

DISTRICT OF COLUMBIA GOVERNMENT
DEPARTMENT OF FINANCE AND REVENUE

DATE RECEIVED

Taxable year beginning 19 and ending 19

NAME OF BUSINESS

D.C. BUSINESS TAX NUMBER
If less than 7 numbers, add
zeros to the left.

D.C. ADDRESS (Number, Street, City and Zip code)

FEDERAL I.D.
NUMBER

MAILING ADDRESS (Number, Street, City, and Zip Code)

NUMBER OF BUSINESS LOCATIONS
In the District: Outside the District:

TYPE OF BUSINESS

READ INSTRUCTIONS BEFORE PREPARING RETURN — File this return if your gross income is more than \$12,000 regardless of net income

GROSS INCOME

1. GROSS RECEIPTS, LESS RETURNS AND ALLOWANCES	1
2. COST OF GOODS SOLD (Schedule A) AND/OR OPERATIONS (Attach Schedule)	2
3. GROSS PROFIT (Line 1 minus Line 2)	3
4. DIVIDENDS (Attach Schedule): Less Subpart F income (See instructions)	4
5. INTEREST (Attach Schedule)	5
6. GROSS RENTAL INCOME (Schedule F)	6
7. ROYALTIES (Attach Schedule)	7
8. (a) NET CAPITAL GAINS (Attach federal Schedule D)	8(a)
(b) ORDINARY GAIN (LOSS) FROM PART II, FEDERAL FORM 4797 (Attach copy of Form 4797)	8(b)
9. OTHER INCOME (Attach Schedule)	9
10. TOTAL GROSS INCOME (Add Lines 3 through 9)	10

DEDUCTIONS

11. SALARIES AND WAGES (do not include owner's)	11
12. REPAIRS	12
13. BAD DEBTS (Attach federal schedule)	13
14. RENTAL EXPENSES RELATED TO RENTAL INCOME	14
15. RENT	15
16. TAXES (Schedule D)	16
17. INTEREST (Schedule G)	17
18. CONTRIBUTIONS (Schedule B)	18
19. AMORTIZATION (Attach copy of federal Form 4562. Copy from Part II)	19
20. DEPRECIATION (Attach copy of federal Form 4562. Do not include amounts reported elsewhere)	20
21. OTHER DEDUCTIONS (Schedule J)	21
22. TOTAL DEDUCTIONS — Add Lines 11 through 21	22

TAXABLE INCOME

23. NET INCOME (Line 10 minus Line 22)	23
24. (a) NON-BUSINESS INCOME (Attach Schedule)	24(a)
(b) LESS: RELATED EXPENSE (Attach Schedule)	24(b)
(c) SUBTRACT 24(b) FROM 24(a) (ATTACH DETAILED SCHEDULE AND EXPLANATION)	24(c)
25. NET INCOME FROM TRADE OR BUSINESS SUBJECT TO APPORTIONMENT (Line 23 minus 24(c))	25
26. D.C. APPORTIONMENT FACTOR (from Line 5 Schedule I). If none, enter "0."	26
27. NET INCOME FROM TRADE OR BUSINESS APPORTIONED TO THE DISTRICT (Multiply Line 25 by Line 26)	27
28. ADD PORTION OF LINE 24(c) ATTRIBUTABLE TO D.C. (Submit Schedule)	28
29. TOTAL DISTRICT NET INCOME (OR LOSS)	29
30. LESS: SALARY FOR TAXPAYER(S) SERVICES (Schedule M, Column 4)	30
31. EXEMPTION (If part year return, enter number of days in D.C.)	31
32. TOTAL TAXABLE INCOME	32

TAX

33. TAX (9.975% of Line 32). If tax due is less than \$100.00, enter \$100.00	33
34. LESS: (a) TAX PAID, IF ANY, WITH APPLICATION FOR EXTENSION OF TIME	34(a)
(b) 1996 ESTIMATED TAX PAYMENTS	34(b)
(c) ECONOMIC DEVELOPMENT ZONES INCENTIVE CREDIT (From Schedule E)	34(c)
35. TOTAL: LINES 34(a), 34(b) and 34(c)	35
36. BALANCE DUE (Line 33 minus Line 35)	36
37. PENALTY \$ INTEREST \$ TOTAL PENALTY AND INTEREST	37
38. TOTAL UNPAID BALANCE, PLUS PENALTY AND INTEREST. (Add Lines 36 and 37) PAY IN FULL.	38
39. OVERPAYMENT (Line 35 minus Line 33)	39
40a. CREDIT TO 1997 ESTIMATED TAX \$ 40b. AMOUNT TO BE REFUNDED. Line 39 minus Line 40a. \$	40

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code §22-2514 and §47-161, et seq., I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

SIGNATURE OF PREPARER (Other than Taxpayer) DATE SIGNATURE OF TAXPAYER DATE

MAILING INSTRUCTIONS: Make check payable to the D.C. Treasurer. (Include D.C. Business Tax Number and tax year on your payment). Mail this return and payment to the Department of Finance and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C. 20044-0610, on or before the 15th day of the fourth month following the close of the taxable year.

6-0041 wcd-328

• ATTACH CHECK OR MONEY ORDER HERE •

Schedule A—COST OF GOODS SOLD (See Instruction for Line 2)

1 Inventory at beginning of year (if different from last year's closing inventory, attach explanation)	
2 Purchases	\$
Less cost of items withdrawn for personal use	= Enter result here ▶
3 Cost of labor	
4 Material and supplies	
5 Other costs (attach schedule)	
6 Total of lines 1 through 5	
7 Inventory at end of year	
8 Cost of goods sold (Line 6 minus Line 7). Enter here and on Line 2, page 1	
(Method of inventory valuation	

Schedule B—CONTRIBUTIONS OR GIFTS PAID (See Instruction for Line 18)

	\$		\$
		TOTAL [Subject to 15% limit] (Enter also on line 18, page 1)	\$

Schedule C—DEPRECIATION (See Instruction for Line 20) (Attach Federal Form 4562)**Schedule D—TAXES** (See Instruction for Line 16)

Nature	Amount	Nature	Amount
	\$		\$
TOTAL (Enter on Line 16, page 1, that portion of total not included in Schedule F)			\$

Schedule E—ECONOMIC DEVELOPMENT ZONE INCENTIVE CREDIT

Column 1 — Credit Category	Column 2	Column 3	Column 4
A. Certified employees wages	Total Wages \$	50% of Wages Col. 2 × .50 =	\$
B. Certified employees workman's compensation liability insurance premiums	Total Premiums \$	50% of Premiums Col. 2 × .50 =	\$
C. Child care center rent (lessor)	Rental market value	\$	
	Less rent shown on lease agreement	\$	
	Total child care center credit		\$
	Total of column 4		\$
	Add credit carry forward from previous year		
	Total EDZI credit (enter on Line 34 (C), page 1)		\$

Schedule F—INCOME FROM RENT

Col. 1. Address of Property	Col. 2. Kind of Property	Col. 3. Amount of Rent	Col. 4. Depreciation or Depletion (Per Federal Form 4562)	Col. 5. Repairs (Explain in Sch. F-1)	Col. 6. Taxes, Interest and Other Expenses (Explain in Sch. F-1)
1.		\$	\$	\$	\$
2.					
3.					
4.					
5.					
6.					
7. TOTALS (Enter total of Column 3 on Line 6, page 1)		\$	\$	\$	\$
8. TOTAL OF COLUMNS 4, 5, and 6 (Enter also on Line 14, page 1)					\$

[illegible]**Schedule G—INTEREST EXPENSE** (See instruction for Line 17)

Name and Address of Payee	Amount	Name and Address of Payee	Amount
	\$		\$
TOTAL (Enter on Line 17, page 1, that portion of total not included in Schedule F.)			\$

Schedule H—BAD DEBTS (See instruction for Line 13)**Schedule I—APPORTIONMENT FACTOR** (See Instructions) (Carry all factors to six decimal places)

	Col. 1 TOTAL	Col. 2 IN D. C.	Col. 3 FACTOR (Column 2 divided by Column 1)
1. PROPERTY FACTOR: Average value of real estate and tangible personal property owned by or rented to the unincorporated business and used by that business	\$ _____	\$ _____	_____
2. PAYROLL FACTOR: Total compensation paid or accrued by the unincorporated business . .	\$ _____	\$ _____	_____
3. SALES FACTOR: All gross receipts of the unincorporated business, other than receipts from items of non-business income	\$ _____	\$ _____	_____
4. SUM OF FACTORS (Add Column 3)	_____	_____	_____
5. APPORTIONMENT FACTOR — Divide Line 4 by 3, or 3 reduced by the number of factors without denominator	_____	_____	_____

SUPPLEMENTAL INFORMATION (See Page 5 of Instructions)

1. During 1996, has the Internal Revenue Service made or proposed any adjustments in your federal income tax returns, or did you file any amended returns with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No. If "Yes", separately submit a detailed statement to the Department of Finance and Revenue, Audit Division, P.O. Box 556, Washington, D.C. 20044.	2. PRINCIPAL BUSINESS ACTIVITY 4. IF BUSINESS HAS TERMINATED, STATE REASON 6. TYPE OF OWNERSHIP (sole proprietor, partnership, etc.)	3. DATE BUSINESS BEGAN 5. TERMINATION DATE
7. Place where federal income tax return was filed for period covered by this return:		
8. Name(s) under which federal return was filed for period covered by this return:		
9. Have you filed annual Information Returns, forms 1096 and 1099, pertaining to compensation payments for 1996?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
10. Is this return reported on accrual basis?	<input type="checkbox"/> <input type="checkbox"/>	If not, describe basis used: <input type="checkbox"/> Cash basis <input type="checkbox"/> Other (specify)
11. Did you withhold D.C. income tax from the wages of your employees during 1996?	<input type="checkbox"/> <input type="checkbox"/>	If not, state reason:
12. Did you file a franchise tax return for the business with the District of Columbia for the year 1995? Name under which return was filed:	<input type="checkbox"/> <input type="checkbox"/>	If not, state reason:
13. Does this return include income from more than one business conducted by the taxpayer? (If yes, list businesses and net income of each)	<input type="checkbox"/> <input type="checkbox"/>	\$
14. Is the income from any other business or business interest owned by the proprietors of this business being reported in a separate return? (If yes, list names and addresses of these businesses)	<input type="checkbox"/> <input type="checkbox"/>	
15. Is this business an adjunct of a corporation, or affiliated with any corporation? (If yes, explain affiliation to stockholders and proprietors)	<input type="checkbox"/> <input type="checkbox"/>	
16. Did you file a 1996 D.C. Arena fee Return?	<input type="checkbox"/> <input type="checkbox"/>	

Schedule L—BALANCE SHEETS (See Instructions)

Schedule M—DISTRIBUTION AND RECONCILIATION OF NET INCOME OR LOSS

Col. 4 - See Instruction for Line 30 of return	Enter taxable income shown on Line 32 of return	
Col. 5 - See Instruction for Line 31 of return		
Col. 6 - Amount from Line 29 of return	Net income of Unincorporated Business from within and without the District (Line 23 of return)	\$
Col. 7 - Enter the difference of Line 23 and Line 29 of the return		

D-30**1996****Unincorporated Business Franchise
Tax Return**

**DISTRICT OF COLUMBIA GOVERNMENT
DEPARTMENT OF FINANCE AND REVENUE**

DATE RECEIVED

Taxable year beginning _____, 19____ and ending _____, 19____

NAME OF BUSINESS

D.C. BUSINESS TAX NUMBER
If less than 7 numbers, add
zeros to the left.

D.C. ADDRESS (Number, Street, City and Zip code)

FEDERAL I.D.
NUMBER

MAILING ADDRESS (Number, Street, City, and Zip Code)

NUMBER OF BUSINESS LOCATIONS
In the District: _____
Outside the District: _____

TYPE OF BUSINESS

READ INSTRUCTIONS BEFORE PREPARING RETURN — File this return if your gross income is more than \$12,000 regardless of net income**GROSS INCOME**

1. GROSS RECEIPTS, LESS RETURNS AND ALLOWANCES	1
2. COST OF GOODS SOLD (Schedule A) AND/OR OPERATIONS (Attach Schedule)	2
3. GROSS PROFIT (Line 1 minus Line 2)	3
4. DIVIDENDS (Attach Schedule): Less Subpart F income (See instructions)	4
5. INTEREST (Attach Schedule)	5
6. GROSS RENTAL INCOME (Schedule F)	6
7. ROYALTIES (Attach Schedule)	7
8. (a) NET CAPITAL GAINS (Attach federal Schedule D)	8(a)
(b) ORDINARY GAIN (LOSS) FROM PART II, FEDERAL FORM 4797 (Attach copy of Form 4797)	8(b)
9. OTHER INCOME (Attach Schedule)	9
10. TOTAL GROSS INCOME (Add Lines 3 through 9)	10

DEDUCTIONS

11. SALARIES AND WAGES (do not include owner's)	11
12. REPAIRS	12
13. BAD DEBTS (Attach federal schedule)	13
14. RENTAL EXPENSES RELATED TO RENTAL INCOME	14
15. RENT	15
16. TAXES (Schedule D)	16
17. INTEREST (Schedule G)	17
18. CONTRIBUTIONS (Schedule B)	18
19. AMORTIZATION (Attach copy of federal Form 4562. Copy from Part II)	19
20. DEPRECIATION (Attach copy of federal Form 4562. Do not include amounts reported elsewhere)	20
21. OTHER DEDUCTIONS (Schedule J)	21
22. TOTAL DEDUCTIONS — Add Lines 11 through 21	22

TAXABLE INCOME

23. NET INCOME (Line 10 minus Line 22)	23
24. (a) NON-BUSINESS INCOME (Attach Schedule)	24(a)
(b) LESS: RELATED EXPENSE (Attach Schedule)	24(b)
(c) SUBTRACT 24(b) FROM 24(a) (ATTACH DETAILED SCHEDULE AND EXPLANATION)	24(c)
25. NET INCOME FROM TRADE OR BUSINESS SUBJECT TO APPORTIONMENT (Line 23 minus 24(c))	25
26. D.C. APPORTIONMENT FACTOR (from Line 5 Schedule I). If none, enter "0."	26
27. NET INCOME FROM TRADE OR BUSINESS APPORTIONED TO THE DISTRICT (Multiply Line 25 by Line 26)	27
28. ADD PORTION OF LINE 24(c) ATTRIBUTABLE TO D.C. (Submit Schedule)	28
29. TOTAL DISTRICT NET INCOME (OR LOSS)	29
30. LESS: SALARY FOR TAXPAYER(S) SERVICES (Schedule M, Column 4)	30
31. EXEMPTION (If part year return, enter number of days in D.C. _____)	31
32. TOTAL TAXABLE INCOME	32

TAX

33. TAX (9.975% of Line 32). If tax due is less than \$100.00, enter \$100.00	33
34. LESS: (a) TAX PAID, IF ANY, WITH APPLICATION FOR EXTENSION OF TIME	34(a)
(b) 1996 ESTIMATED TAX PAYMENTS	34(b)
(c) ECONOMIC DEVELOPMENT ZONES INCENTIVE CREDIT (From Schedule E)	34(c)
35. TOTAL LINES 34(a), 34(b) and 34(c)	35
36. BALANCE DUE (Line 33 minus Line 35)	36
37. PENALTY \$ _____ INTEREST \$ _____ TOTAL PENALTY AND INTEREST	37
38. TOTAL UNPAID BALANCE, PLUS PENALTY AND INTEREST. (Add Lines 36 and 37) PAY IN FULL.	38
39. OVERPAYMENT (Line 35 minus Line 33)	39
40a. CREDIT TO 1997 ESTIMATED TAX \$ _____ 40b. AMOUNT TO BE REFUNDED. Line 39 minus Line 40a. \$ _____	40

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code §22-2514 and §47-161, et seq., I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

SIGNATURE OF PREPARER (Other than Taxpayer)

DATE

SIGNATURE OF TAXPAYER

DATE

MAILING INSTRUCTIONS: Make check payable to the D.C. Treasurer. (Include D.C. Business Tax Number and tax year on your payment). Mail this return and payment to the Department of Finance and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C. 20044-0610, on or before the 15th day of the fourth month following the close of the taxable year.

6-0041 wd-328

● ATTACH CHECK OR MONEY ORDER HERE ●

Schedule A—COST OF GOODS SOLD (See Instruction for Line 2)

1 Inventory at beginning of year (if different from last year's closing inventory, attach explanation)	
2 Purchases	\$
Less cost of items withdrawn for personal use	= Enter result here ▶
3 Cost of labor	
4 Material and supplies	
5 Other costs (attach schedule)	
6 Total of lines 1 through 5	
7 Inventory at end of year	
8 Cost of goods sold (Line 6 minus Line 7). Enter here and on Line 2, page 1	
(Method of inventory valuation	

Schedule B—CONTRIBUTIONS OR GIFTS PAID (See Instruction for Line 18)

	\$		\$
TOTAL (Subject to 15% limit) (Enter also on line 18, page 1)			\$

Schedule C—DEPRECIATION (See Instruction for Line 20) (Attach Federal Form 4562)**Schedule D—TAXES** (See Instruction for Line 16)

Nature	Amount	Nature	Amount
	\$		\$
TOTAL (Enter on Line 16, page 1, that portion of total not included in Schedule F)			\$

Schedule E—ECONOMIC DEVELOPMENT ZONE INCENTIVE CREDIT

Column 1 — Credit Category	Column 2	Column 3	Column 4
A. Certified employees wages	Total Wages \$	50% of Wages Col. 2 × .50 =	\$
B. Certified employees workman's compensation liability insurance premiums	Total Premiums \$	50% of Premiums Col. 2 × .50 =	\$
C. Child care center rent (lessor)	Rental market value	\$	
	Less rent shown on lease agreement	\$	
	Total child care center credit		\$
	Total of column 4		\$
	Add credit carry forward from previous year		
	Total EDZI credit (enter on Line 34 (C), page 1)		\$

Schedule F—INCOME FROM RENT

Col. 1. Address of Property	Col. 2. Kind of Property	Col. 3. Amount of Rent	Col. 4. Depreciation or Depletion (Per Federal Form 4562)	Col. 5. Repairs (Explain in Sch. F-1)	Col. 6. Taxes, Interest and Other Expenses (Explain in Sch. F-1)
1.		\$	\$	\$	\$
2.					
3.					
4.					
5.					
6.					
7. TOTALS (Enter total of Column 3 on Line 6, page 1)		\$	\$	\$	\$
8. TOTAL OF COLUMNS 4, 5, and 6 (Enter also on Line 14, page 1)					\$

Column No.	Explanation	Amount	Column No.	Explanation	Amount
		\$			\$

Schedule G—INTEREST EXPENSE (See Instruction for Line 17)

Name and Address of Payee	Amount	Name and Address of Payee	Amount
	\$		\$

TOTAL (Enter on Line 17, page 1, that portion of total not included in Schedule F.) \$

Schedule H—BAD DEBTS (See Instruction for Line 13)**Schedule I—APPORTIONMENT FACTOR** (See Instructions) (Carry all factors to six decimal places)

	Col. 1 TOTAL	Col. 2 IN D. C.	Col. 3 FACTOR (Column 2 divided by Column 1)
1. PROPERTY FACTOR: Average value of real estate and tangible personal property owned by or rented to the unincorporated business and used by that business	\$	\$	
2. PAYROLL FACTOR: Total compensation paid or accrued by the unincorporated business	\$	\$	
3. SALES FACTOR: All gross receipts of the unincorporated business, other than receipts from items of non-business income	\$	\$	
4. SUM OF FACTORS (Add Column 3)			
5. APPORTIONMENT FACTOR — Divide Line 4 by 3, or 3 reduced by the number of factors without denominator			

SUPPLEMENTAL INFORMATION (See Page 5 of Instructions)

1. During 1996, has the Internal Revenue Service made or proposed any adjustments in your federal income tax returns, or did you file any amended returns with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No. If "Yes", separately submit a detailed statement to the Department of Finance and Revenue, Audit Division, P.O. Box 556, Washington, D.C. 20044.	2. PRINCIPAL BUSINESS ACTIVITY	3. DATE BUSINESS BEGAN
	4. IF BUSINESS HAS TERMINATED, STATE REASON	5. TERMINATION DATE
	6. TYPE OF OWNERSHIP (sole proprietor, partnership, etc.)	

7. Place where federal income tax return was filed for period covered by this return:

8. Name(s) under which federal return was filed for period covered by this return:

9. Have you filed annual Information Returns, forms 1096 and 1099, pertaining to compensation payments for 1996? ☐ Yes ☐ No

10. Is this return reported on accrual basis? ☐ ☐ If not, describe basis used: ☐ Cash basis ☐ Other (specify)

11. Did you withhold D.C. income tax from the wages of your employees during 1996? ☐ ☐ If not, state reason:

12. Did you file a franchise tax return for the business with the District of Columbia for the year 1995? ☐ ☐ If not, state reason:
Name under which return was filed:

13. Does this return include income from more than one business conducted by the taxpayer? ☐ ☐ \$
(If yes, list businesses and net income of each)

14. Is the income from any other business or business interest owned by the proprietors of this business being reported in a separate return? ☐ ☐
(If yes, list names and addresses of these businesses)

15. Is this business an adjunct of a corporation, or affiliated with any corporation? ☐ ☐
(If yes, explain affiliation to stockholders and proprietors)

16. Did you file a 1996 D.C. Arena fee Return? ☐ ☐

(See Instruction for Schedule K)

Schedule L—BALANCE SHEETS (See Instructions)

Schedule M—DISTRIBUTION AND RECONCILIATION OF NET INCOME OR LOSS

Col. 4 - See Instruction for Line 30 of return
Col. 5 - See Instruction for Line 31 of return
Col. 6 - Amount from Line 29 of return
Col. 7 - Enter the difference of Line 23 and Line 29 of the return

Net income of Unincorporated Business from within and without the District (Line 23 of return).....

<h1 style="margin: 0;">FR-128 1996</h1> <p style="margin: 0;">Extension of Time to File D.C. FRANCHISE OR PARTNERSHIP RETURN</p>		<p style="margin: 0;">★ ★ ★</p> <p style="margin: 0;">DISTRICT OF COLUMBIA GOVERNMENT DEPARTMENT OF FINANCE AND REVENUE</p>		<div style="border: 1px solid black; height: 60px; width: 100%;"></div>	
Taxable year beginning _____, 19____ and ending _____, 19____				DATE RECEIVED	
ENTITY NAME			D.C. BUSINESS TAX NUMBER		
NUMBER AND STREET OR RURAL ROUTE			FEDERAL I.D. NUMBER		
CITY OR TOWN, STATE AND ZIP CODE					
Application for Extension of Time. Submit this form along with your payment of any tax due as shown on Line 6 below.					
1. A 6-month extension of time until _____, 15, 1997, for the calendar year 1996; or a 6-month extension of time until _____, 19____, for a fiscal year ending _____, 19____ is hereby requested to file the following District of Columbia return (check one): <input type="checkbox"/> Corporation Franchise Tax Return, Form D-20. <input type="checkbox"/> Unincorporated Business Franchise Tax Return, Form D-30. <input type="checkbox"/> Partnership Return of Income, Form D-65.					
2. Total tax liability for the tax period.....				2	
3. Franchise estimated tax payments (include overpayment credit).....				3	
4. Other payments.....				4	
5. Total payments and credits. Add Lines 3 and 4.....				5	
6. Balance due (Line 2 minus Line 5). Payment in full must be submitted with this form or your application request will not be accepted. (Note: You will be subject to failure-to-pay penalty on any amount of tax due in excess of the amount paid with this extension request).....				6	
Taxpayer(s) Signature(s) (See instructions.)					Date

INSTRUCTIONS

PURPOSE—A taxpayer must use Form FR-128 to request a 6-month extension of time in order to file a Corporation Franchise Tax Return (Form D-20), Unincorporated Business Franchise Tax Return (Form D-30), or Partnership Return of Income (Form D-65).

WHEN TO FILE—The application for extension of time to file must be submitted on or before the due date of the return.

WHERE TO SUBMIT RETURN—Mail the completed FR-128 with your payment of any tax due to the Department of Finance and Revenue, 441 4th Street, N.W., Suite 810S, Washington, D. C. 20001. Be sure to properly sign and date the FR-128.

APPLICATION FOR EXTENSION OF TIME—A 6-month extension of time will be granted if you complete the form properly, file it on time and PAY with it the amount of tax due shown on Line 6. You need only submit one application form. Do not file in duplicate. However, a copy must be attached to your return when filed. A separate application must be submitted for each return. Blanket requests for extensions will not be granted.

APPLICATION FOR ADDITIONAL EXTENSION OF TIME—No additional extension of time will be granted beyond the 6-month extension of time, unless the taxpayer is outside the continental limits of the United States.

FEDERAL EXTENSION FORMS—The Department of Finance and Revenue does not accept copies of federal

application forms. **YOU MUST USE THIS APPLICATION FORM ONLY.**

PENALTIES—The penalty for failure to file a return on time or failure to pay any tax due is 5% of the unpaid portion of tax due. The penalty is computed for each month, or fraction thereof, that such failure to file or pay continues. Penalty shall not exceed 25% of the tax due.

INTEREST—Interest at the rate of 1.5% per month or portion of a month (18 percent per annum) must be paid on any tax not paid on time. Interest is computed from the due date of the return even though an extension of time to file the return is granted.

SIGNATURE—The application must be signed by the following:

- **CORPORATION**
Any designated or authorized officer of the corporation.
- **UNINCORPORATED BUSINESS**
Any owner or member of the unincorporated business.
- **PARTNERSHIP**
Any member of the partnership.

If receivers, trustees in bankruptcy, or assignees are in control of the property or business of the organization, such receivers, trustees, or assignees must sign the application.

<h1 style="margin: 0;">FR-128 1996</h1> <p style="margin: 0;">Extension of Time to File D.C. FRANCHISE OR PARTNERSHIP RETURN</p>		<p>★ ★ ★</p> <p>DISTRICT OF COLUMBIA GOVERNMENT DEPARTMENT OF FINANCE AND REVENUE</p>	
Taxable year beginning _____, 19____ and ending _____, 19____		DATE RECEIVED	
ENTITY NAME		D.C. BUSINESS TAX NUMBER	
NUMBER AND STREET OR RURAL ROUTE		FEDERAL I.D. NUMBER	
CITY OR TOWN, STATE AND ZIP CODE			
Application for Extension of Time. Submit this form along with your payment of any tax due as shown on Line 6 below.			
1. A 6-month extension of time until _____ 15, 1997, for the calendar year 1996; or a 6-month extension of time until _____, 19____, for a fiscal year ending _____, 19____ is hereby requested to file the following District of Columbia return (check one): <input type="checkbox"/> Corporation Franchise Tax Return, Form D-20. <input type="checkbox"/> Unincorporated Business Franchise Tax Return, Form D-30. <input type="checkbox"/> Partnership Return of Income, Form D-65.			
2. Total tax liability for the tax period.....		2	
3. Franchise estimated tax payments (include overpayment credit).....		3	
4. Other payments.....		4	
5. Total payments and credits. Add Lines 3 and 4.....		5	
6. Balance due (Line 2 minus Line 5). Payment in full must be submitted with this form or your application request will not be accepted. (Note: You will be subject to failure-to-pay penalty on any amount of tax due in excess of the amount paid with this extension request).....		6	
Taxpayer(s) Signature(s) (See instructions.)			Date

INSTRUCTIONS

PURPOSE—A taxpayer must use Form FR-128 to request a 6-month extension of time in order to file a Corporation Franchise Tax Return (Form D-20), Unincorporated Business Franchise Tax Return (Form D-30), or Partnership Return of Income (Form D-65).

WHEN TO FILE—The application for extension of time to file must be submitted on or before the due date of the return.

WHERE TO SUBMIT RETURN—Mail the completed FR-128 with your payment of any tax due to the Department of Finance and Revenue, 441 4th Street, N.W., Suite 810S, Washington, D. C. 20001. Be sure to properly sign and date the FR-128.

APPLICATION FOR EXTENSION OF TIME—A 6-month extension of time will be granted if you complete the form properly, file it on time and PAY with it the amount of tax due shown on Line 6. You need only submit one application form. Do not file in duplicate. However, a copy must be attached to your return when filed. A separate application must be submitted for each return. Blanket requests for extensions will not be granted.

APPLICATION FOR ADDITIONAL EXTENSION OF TIME—No additional extension of time will be granted beyond the 6-month extension of time, unless the taxpayer is outside the continental limits of the United States.

FEDERAL EXTENSION FORMS—The Department of Finance and Revenue does not accept copies of federal

application forms. **YOU MUST USE THIS APPLICATION FORM ONLY.**

PENALTIES—The penalty for failure to file a return on time or failure to pay any tax due is 5% of the unpaid portion of tax due. The penalty is computed for each month, or fraction thereof, that such failure to file or pay continues. Penalty shall not exceed 25% of the tax due.

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